

**Opening Statement of the Honorable Fred Upton
Subcommittee on Oversight and Investigations
Hearing on "RIN Fraud: EPA's Efforts to Ensure Market Integrity in
the Renewable Fuels Program"**

July 11, 2012

(As Prepared for Delivery)

In February of this year, this committee opened an investigation into EPA's handling of fraud under the Renewable Fuel Standard program. Specifically, we sought more information about EPA's discovery that a substantial number of tradable credits for renewable fuels – RINs – have been fraudulently created and sold. Fraud in the RIN market jeopardizes the underlying integrity of the RFS program. Regardless of how one views that program, the EPA and this committee have a responsibility in its working.

Since the initial information request to EPA, the agency has publicly identified another 108 million fake credits – that's four times more than EPA's original accounting. While RIN fraud may not be leading the nightly newscasts, it is a serious problem that ultimately costs consumers money and threatens jobs.

While it is EPA's contention that the most egregious fraud appears to have been discovered, this misses the point. Was the agency negligent in its oversight and management of this aspect of the RFS program from the outset? What is the agency doing today to make sure that this never happens again and that the RINS market functions properly? Finally, and perhaps most importantly, is this unfortunate situation a symptom of a larger problem – the government's inherent inability to intervene in, and successfully manage markets?

I look forward to testimony this morning that will help us clearly identify the risks of additional fraud and get a better understanding of how EPA has managed these troubling developments. Our aggressive oversight on behalf of American taxpayers will continue, because no matter what the market, fraud and abuse have serious consequences and will not be tolerated.

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